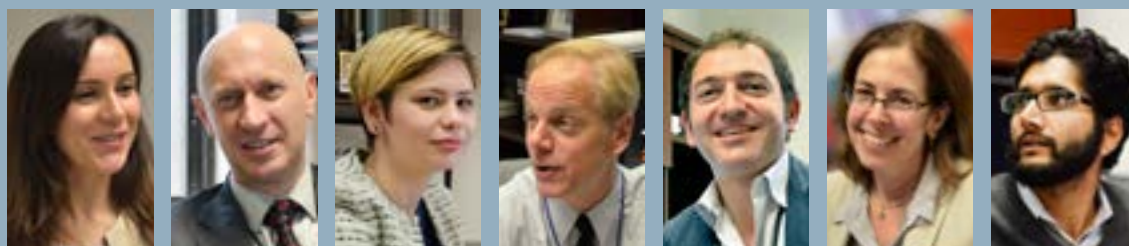


# *The Research Group*

of the Federal Reserve Bank of New York



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# *To Prospective Job Candidates:*

**W**E'RE PLEASED THAT YOU'RE INTERESTED IN JOINING THE FEDERAL RESERVE BANK OF NEW YORK'S RESEARCH AND STATISTICS GROUP.

THE NEW YORK FED STANDS AT THE CENTER OF THE NATIONAL AND WORLD ECONOMIES, PLAYING A MAJOR ROLE IN THE FORMULATION AND EXECUTION OF MONETARY POLICY, THE OPERATION OF PAYMENTS SYSTEMS, AND THE SUPERVISION AND OVERSIGHT OF FINANCIAL INSTITUTIONS AND MARKETS. OUR LEADERSHIP POSITION HAS BEEN ESPECIALLY EVIDENT AS THE BANK WORKS TO SUSTAIN THE RECOVERY AND ACHIEVE A MORE STABLE FINANCIAL SYSTEM. TO PERFORM TO THE HIGHEST STANDARDS IN SUCH A DEMANDING ENVIRONMENT, WE LOOK TO OUR STELLAR GROUP OF ECONOMISTS TO PROVIDE ANALYSIS AND ADVICE BASED ON RIGOROUS RESEARCH AND A COMPREHENSIVE KNOWLEDGE OF THE ISSUES.

TO MAINTAIN OUR STRONG RESEARCH CAPABILITY, WE'RE CONTINUALLY ADDING TO OUR TEAM OF ECONOMISTS. WE SEEK TO ATTRACT AND RETAIN THE MOST HIGHLY QUALIFIED INDIVIDUALS BY CREATING AN ENVIRONMENT THAT'S RICH IN OPPORTUNITIES. WE OFFER OUR ECONOMISTS NOT ONLY DIRECT ENGAGEMENT IN POLICY AT SENIOR LEVELS BUT ALSO BROAD FLEXIBILITY TO PURSUE INDEPENDENT RESEARCH. WE HAVE IN PLACE—AND ARE COMMITTED TO MAINTAINING—A DISTINGUISHED RESEARCH PROGRAM THAT SETS A HIGH VALUE ON PUBLICATION IN THE TOP PROFESSIONAL JOURNALS. AND OUR OWN RESEARCH SERIES AND LIBERTY STREET ECONOMICS BLOG OFFER ECONOMISTS IMPORTANT OUTLETS FOR DISSEMINATION OF THEIR RESEARCH. OUR ECONOMISTS ALSO PARTICIPATE IN LEADING ACADEMIC AND POLICY CONFERENCES AND WORK CLOSELY WITH OUR DISTINGUISHED VISITING ACADEMICS, WHO THIS YEAR INCLUDE PROFESSOR ROBERT TOWNSEND OF MIT AND PROFESSOR S. "VISH" VISWANATHAN OF THE FUQUA SCHOOL OF BUSINESS, DUKE UNIVERSITY.

WE'RE EXCITED BY THE MANY CHALLENGES AND OPPORTUNITIES OFFERED BY THE NEW YORK FED. WE'RE CERTAIN THAT YOU'LL SHARE IN THAT EXCITEMENT WHEN YOU JOIN OUR RESEARCH TEAM.



*James J. McAndrews*

JAMES J. MCANDREWS  
EXECUTIVE VICE PRESIDENT  
AND DIRECTOR OF RESEARCH



WILBERT VAN DER KLAUW, MICROECONOMIC STUDIES FUNCTION  
CONVENING ON STUDENT LOAN DATA CONFERENCE



# A Vast Portfolio of Research Assets

The New York Fed's Research and Statistics Group combines leading-edge academic research with rigorous policy analysis in an intellectually dynamic and collegial environment.

This brochure offers an overview of our research and policy work and describes the distinctive culture and resources of the Group. It also details the responsibilities of our seven functions, identifies our current staff of economists, and highlights the economists' research interests and recent publications.

## A Premier Research Community

Our most important asset is our sixty-seven Ph.D. economists, a concentration of expertise far larger than that of most university economics departments. Recognized as leading researchers in their fields, these individuals bring breadth and depth to their work in macroeconomics, banking, payments, finance, applied microeconomics, international economics, and regional analysis.

Our economists have compiled an impressive record of publishing in the most highly regarded economics and finance journals. Since 2001, ninety articles by New York Fed economists have

appeared in the *American Economic Review*, *Econometrica*, the *Journal of Finance*, the *Journal of Financial Economics*, the *Journal of Political Economy*, the *Quarterly Journal of Economics*, the *Review of Economic Studies*, and the *Review of Financial Studies*. Our economists' work is also extensively represented in the top field journals and in other important outlets.

New York Fed economists complement their publishing activity by serving on the editorial boards of leading journals.

Our economists are also highly visible in the profession, presenting research at preeminent colleges and universities worldwide. They have given papers at the

## Our Economists' Current and Recent Editorial Board Assignments

**Tobias Adrian**, *Annual Review of Financial Economics*  
**Nicola Cetorelli**, *Rivista Bancaria*  
**Rajashri Chakrabarti**, *Education Finance and Policy*  
**Bianca De Paoli**, *Journal of Money, Credit, and Banking*  
**Marco Del Negro**, *Journal of Applied Econometrics*; *Review of Economics and Statistics*  
**Kenneth Garbade**, *Review of Derivatives Research*  
**Marc Giannoni**, *Journal of Business Economics and Statistics*; *IMF Economic Review*  
**Linda Goldberg**, *Journal of Financial Services Research*; *Journal of Financial Intermediation*  
**Jan Groen**, *Journal of Money, Credit, and Banking*  
**Andrew Haughwout**, *International Regional Science Review*; *Journal of Regional Science*

**Antoine Martin**, *Journal of Money, Credit, and Banking*  
**Donald Morgan**, *Journal of Money, Credit, and Banking*  
**Paolo Pesenti**, *Journal of International Economics*; *Journal of Money, Credit, and Banking*  
**Aysegül Şahin**, *European Economic Review*  
**João Santos**, *Journal of Financial Economic Policy*; *Journal of Financial Services Research*; *Journal of Money, Credit, and Banking*  
**Argia Sbordone**, *Macroeconomic Dynamics*  
**Andrea Tambalotti**, *Review of Economic Dynamics*  
**Wilbert van der Klaauw**, *Journal of Labor Economics*; *Journal of Business and Economic Statistics*; *LABOUR: Review of Labour Economics and Industrial Relations*



DONG BEOM CHOI, FINANCIAL INTERMEDIATION FUNCTION  
 NEW YORK FED/NYU STERN CONFERENCE ON FINANCIAL INTERMEDIATION





L-R: LINDA GOLDBERG AND NICOLA CETORELLI,  
FINANCIAL INTERMEDIATION FUNCTION

American Economic Association, the American Finance Association, the Bank for International Settlements, the Centre for Economic Policy Research, the International Monetary Fund, the National Bureau of Economic Research, the U.S. Treasury Department, and the world's central banks.

### *A First-Year Plan Focusing on Research and Publication*

In the Research Group, we recognize how important it is for young economists to get their research agenda under way as quickly as possible. For new Ph.D. hires, the primary goal in the first year is to produce research and publish in the major journals. To that end, we have designed a first-year plan that allows new economists to devote a large majority of their time to developing publishable work. We provide additional support in the form of state-of-the-art computing capabilities, ready access to a wide range of economic data, and the assistance of highly trained research analysts.

In the first year, new Ph.D. economists also familiarize themselves with the New York Fed's policy missions by interacting with economists in their area and with other professionals Bankwide. They may contribute to a team working on a policy issue or help prepare a briefing on economic developments for the Bank's president and senior officers.

### *A Collegial Culture*

The environment here fosters an extraordinary degree of collaboration and exchange. Economists regularly work together on policy initiatives, and this interaction encourages a lively team spirit that can be missing in academic departments. In addition, economists frequently coauthor articles and make joint presentations.

Adding to the collegial nature of the Research Group is the lack of a divide between senior and junior staff; there is virtually no hierarchy setting new economists apart from their more experienced colleagues.

### *An Environment Where Ideas Flourish*

The Research Group benefits greatly from the New York Fed's proximity to top-tier universities. In recent years, the Group has cosponsored conferences with institutions such as Columbia, Harvard, NYU, and Princeton. Our economists frequently give seminars at these and other institutions.

#### TEACHING ACTIVITY

Economists enjoy the opportunity to teach while on staff—whether they take a leave of absence from the Bank or teach part-time while here.

#### *Our Economists' Recent Teaching Activities*

Tobias Adrian, *NYU, Princeton*  
 Marco Del Negro, *Swiss National Bank, Budapest School for Central Bank Studies*  
 Stefano Eusepi, *NYU*  
 Marc Giannoni, *Columbia*  
 Linda Goldberg, *IMF Institute, Princeton*  
 Donald Morgan, *Columbia, NYU*  
 Paolo Pesenti, *Columbia*  
 Benjamin Pugsley, *Columbia*  
 Ayşegül Şahin, *NYU*  
 Argia Sbordone, *Columbia*  
 Andrea Tambalotti, *Columbia*  
 Joseph Tracy, *NYU*  
 James Vickery, *NYU*



L-R: MARCO DEL NEGRO, MACROECONOMIC AND MONETARY STUDIES FUNCTION;  
VISITING SCHOLAR FRANK SCHORFHEIDE, UNIVERSITY OF PENNSYLVANIA





VISITING SCHOLAR JANET CURRIE, PRINCETON UNIVERSITY

A VAST PORTFOLIO OF RESEARCH ASSETS

SABBATICAL PROGRAM

Our sabbatical program offers economists opportunities to concentrate fully on their own research. The program enables individuals pursuing a specific plan of study to devote up to 100 percent of their time to qualifying work.

Under the program, economists with four or more years of service at the Bank can apply to take between two and twelve months of leave. They receive 90 percent of their salary while on the first six months of leave and 75 percent during the next six months. Economists can also work part-time while on sabbatical if the employment contributes to their professional development. For example, an economist can hold a visiting position at a university or other research institution, with limited teaching or other responsibilities.

Economists have taken advantage of the program to work at such institutions as the Bank of Portugal, the Board of Governors of the Federal Reserve System, Columbia University, the European University Institute, New York University, the University of Bern, and the University of Lausanne.

VISITING SCHOLARS PROGRAM

To help maintain a stimulating and supportive environment for staff economists, we regularly invite economists from major research institutions to be visiting scholars at the Bank. The visitors present their own work and make themselves available to discuss our economists' current research.

Visiting Scholars in 2015

<b>Viral Acharya</b> , <i>New York University, Stern School</i>	<b>Todd Keister</b> , <i>Rutgers University</i>
<b>Mark Aguiar</b> , <i>Princeton University</i>	<b>Benjamin Keys</b> , <i>University of Chicago</i>
<b>Philippe Bacchetta</b> , <i>Swiss Finance Institute</i>	<b>Nobuhiro Kiyotaki</b> , <i>Princeton University</i>
<b>Tim Bollerslev</b> , <i>Duke University</i>	<b>Arvind Krishnamurthy</b> , <i>Stanford Graduate School of Business</i>
<b>John Y. Campbell</b> , <i>Harvard University</i>	<b>Alexandre Mas</b> , <i>Princeton University</i>
<b>Pierre-André Chiappori</b> , <i>Columbia University</i>	<b>Cyril Monnet</b> , <i>University of Bern</i>
<b>Janet Currie</b> , <i>Princeton University</i>	<b>Christopher Palmer</b> , <i>University of California, Berkeley, Haas School of Business</i>
<b>Christian Eufinger</b> , <i>IESE Business School, University of Navarra</i>	<b>Daniel Paravisini</b> , <i>London School of Economics</i>
<b>Mark Gertler</b> , <i>New York University</i>	<b>Jonathan Parker</b> , <i>MIT Sloan School of Management</i>
<b>Francesco Giavazzi</b> , <i>Bocconi University</i>	<b>Ricardo Reis</b> , <i>Columbia University</i>
<b>Edward Glaeser</b> , <i>Harvard University</i>	<b>Frank Schorfheide</b> , <i>University of Pennsylvania</i>
<b>Itay Goldstein</b> , <i>University of Pennsylvania, Wharton School</i>	<b>Christopher Sims</b> , <i>Princeton University</i>
<b>Mikhail Golosov</b> , <i>Princeton University</i>	<b>Philip Strahan</b> , <i>Boston College</i>
<b>Robin Greenwood</b> , <i>Harvard Business School</i>	<b>Matthew Turner</b> , <i>Brown University</i>
<b>Samuel Hanson</b> , <i>Harvard Business School</i>	<b>Stijn Van Nieuwerburgh</b> , <i>New York University, Stern School</i>
<b>Erik Hurst</b> , <i>University of Chicago, Booth School</i>	<b>Ernst-Ludwig von Thadden</b> , <i>Universität Mannheim</i>
<b>Robert Jensen</b> , <i>University of Pennsylvania, Wharton School</i>	<b>Michael Woodford</b> , <i>Columbia University</i>
<b>Charles Jones</b> , <i>Columbia Business School</i>	<b>Jonathan Wright</b> , <i>Johns Hopkins University</i>





SEMINAR SPEAKER STÉPHANE BONHOMME,  
UNIVERSITY OF CHICAGO

#### A GATEWAY TO ACADEMIA

The scope and seriousness of our research environment are reflected in our relationship with academia.

Many of our more senior economists come from university economics and finance faculties. In turn, a number of our economists have gone on to accept faculty positions at prestigious colleges and universities, including Boston College, Brandeis, Brown, Columbia, Dartmouth, Georgetown, New York University, the University of British Columbia, the University of Amsterdam, the University of Chicago, the University of Oxford, the University of Stockholm, and the University of Virginia.

#### SEMINARS

The Research Group actively encourages participation in seminars and conferences. Ample funds are available for economists to travel to conferences in the United States and abroad. The Bank also provides travel support for those wishing to work with coauthors outside the Bank.

In addition, we offer a seminar series that attracts a broad group of distinguished speakers. We present several seminars a week—a clear indication of our commitment to the series.

#### New York Fed Seminar Series: Selected Presentations, 2015

- “Macroeconomic Dynamics near the ZLB: A Tale of Two Countries,” *Borağan Aruoba, University of Maryland*
- “A Detail-Free and Efficient Auction for Budget-Constrained Bidders,” *Brian Baisa, Amherst College*
- “The Risk Anomaly Tradeoff of Leverage,” *Malcolm Baker, Harvard Business School*
- “Uncertainty and Sentiment-Driven Equilibria,” *Jess Benhabib, New York University*
- “The Pass-Through of Sovereign Risk,” *Luigi Bocola, Northwestern University*
- “A Distributional Framework for Matched Employer–Employee Data,” *Stéphane Bonhomme, University of Chicago*
- “Inattention and Inertia in Household Finance: Evidence from the Danish Mortgage Market,” *John Campbell, Harvard University*
- “Teacher Effects on Student Achievement and Height: A Cautionary Tale,” *Sean Corcoran, New York University*
- “Numbers We Can Believe In? Non-parametric Counterfactuals in Neoclassical Models of International Trade,” *Arnaud Costinot, MIT*
- “The High-Frequency Trading Arms Race: Frequent Batch Auctions as a Market Design Response,” *Peter Cramton, University of Maryland*
- “School District Responses and Child Supplemental Security Income,” *Julie Cullen, University of California, San Diego*
- “If the Fed Sneezes, Who Catches a Cold?” *Luca Dedola, European Central Bank*
- “Firm Performance in a Global Market,” *Jan De Loecker, Princeton University*



SEMINAR SPEAKER ESTEBAN ROSSI-HANSBERG,  
PRINCETON UNIVERSITY



- “Fire Sale Discount: Evidence from the Sale of Minority Equity Stakes,” *Isil Erel, Ohio State University*
- “Group Decision Making with Uncertain Outcomes: Unpacking Child-Parent Choice of the High School Track,” *Pamela Giustinelli, University of Michigan*
- “Hospitals as Insurers of Last Resort,” *Tal Gross, Columbia University*
- “Not Too Late: Improving Academic Outcomes for Disadvantaged Youth,” *Jonathan Guryan, Northwestern University, Kellogg School of Management*
- “Setting a Price Cap on the U.K. Payday Lending Market,” *Benedict Guttman-Kenney, U.K. Financial Conduct Authority*
- “The Long-Run Effects of Disruptive Peers,” *Mark Hoekstra, Texas A&M University*
- “Demographics, Real Estate Investments, and the U.S. Housing Crisis,” *Harrison Hong, Princeton University*



SEMINAR SPEAKER HÉLÈNE REY,  
LONDON BUSINESS SCHOOL

- “Deposit Competition and Financial Fragility: Evidence from the U.S. Banking Sector,” *Ali Hortaçsu, University of Chicago*
- “The Scarring Effect of Recessions: A Quantitative Analysis,” *Christopher Huckfeldt, Cornell University*
- “Information Asymmetries, Volatility, Liquidity, and the Tobin Tax,” *Christian Julliard, London School of Economics*
- “Distributional Effects of Race-Blind Affirmative Action,” *Adam Kapor, Yale University*
- “Teaching for Tomorrow’s Economy? Elementary Teacher Effects on Complex Tasks, Grit, and Growth Mindset,” *Matthæw Kraft, Brown University*
- “High Marginal Tax Rates on the Top 1 Percent? Lessons from a Life Cycle Model with Idiosyncratic Income Risk,” *Dirk Krueger, University of Pennsylvania*
- “Private Equity and Industry Performance,” *Josh Lerner, Harvard Business School*
- “Dynamic Natural Monopoly Regulation: Time Inconsistency, Asymmetric Information, and Political Environments,” *Claire Lim, Princeton University*
- “Financial Intermediation, International Risk Sharing, and Reserve Currencies,” *Matteo Maggiori, Harvard University*



SEMINAR SPEAKER CHRISTIAN JULLIARD,  
LONDON SCHOOL OF ECONOMICS

- “Dark Trading at the Micro Level: Pricing Rules, Order Flow, and Price Discovery,” *Justin McCrary, University of California, Berkeley*
- “Agency Business Cycle,” *Guido Menzio, University of Pennsylvania*
- “The Liquidity Premium of Near-Money Assets,” *Stefan Nagel, University of Michigan*
- “Student Loans, College Choice, and Information on the Returns to Higher Education,” *Christopher Neilson, Princeton University*
- “Bank Capital Requirements in a Competitive Financial System,” *Marcus M. Opp, University of California, Berkeley, Haas School of Business*
- “Technological Innovation: Winners and Losers,” *Dimitris Papanikolaou, Northwestern University, Kellogg School of Management*
- “Loans on Sale: Credit Market Seasonality, Borrower Need, and Lender Rent Seeking,” *Mitchell Petersen, Northwestern University*
- “World Asset Markets and the Global Financial Cycle,” *Hélène Rey, London Business School*
- “Teacher Applicant Hiring and Teacher Performance: Evidence from D.C. Public Schools,” *Jonah Rockoff, Columbia Business School*
- “The Geography of Development: Evaluating Migration Restrictions and Coastal Flooding,” *Esteban Rossi-Hansberg, Princeton University*
- “The Deposits Channel of Monetary Policy,” *Philipp Schnabl, New York University, Stern School*
- “Information Frictions and the Law of One Price: ‘When the States and the Kingdom became United,’” *Claudia Steinwender, Princeton University*
- “House Prices, Local Demand, and Retail Prices,” *Johannes Stroebe, New York University, Stern School*
- “Financial Fragility and Over-the-Counter Markets,” *Bruno Sultanum, Pennsylvania State University*
- “Long-Term Care Insurance, Annuities, and the Under-Insurance Puzzle,” *Christopher Tonetti, Stanford Graduate School of Business*
- “Understanding Uncertainty Shocks and the Role of Black Swans,” *Laura Veldkamp, New York University, Stern School*

## CONFERENCES

The New York Fed maintains an ambitious conference program, sponsoring two to three major conferences and a number of workshops each year. During the 2014-15 academic year, these events addressed a range of important topics, including the post-crisis recovery of household credit, the design of mortgage contracts, cultural reform in the financial services industry, and the effectiveness of the Fed's "forward guidance" on policy rates. The Bank also held a conference on strategies for improving existing data on student loans and hosted its annual joint conference with NYU's Stern School of Business on issues in financial intermediation. In terms of both the breadth and the sheer number of conference offerings, few university economics departments can rival the Fed.



SANDY BAUM, URBAN INSTITUTE AND GEORGE  
WASHINGTON UNIVERSITY  
CONVENING ON STUDENT LOAN DATA CONFERENCE





JULIANE BEGENAU, HARVARD BUSINESS SCHOOL  
NEW YORK FED/NYU STERN CONFERENCE ON  
FINANCIAL INTERMEDIATION

The conferences draw an elite group of speakers from leading universities and business schools—including, in 2014 and 2015, Viral Acharya, John Campbell, Darrell Duffie, Mark Gertler, Gary Gorton, Atif Mian, and Anjan Thakor. For economists in the Research Group, these events are an opportunity to interact with top academics in their own and other fields.

In addition, many Fed conferences provide a forum where policymakers join with both academics and industry representatives to share their perspectives on economic problems. The exchanges among these groups have allowed Fed economists to convey their concerns about financial industry vulnerabilities to industry practitioners, and to engage academics in the exploration of policy questions not easily addressed through standard models. Not surprisingly, the dialogue generated at the conferences has often proved very fruitful, setting the direction for new research, calling attention to critical data shortages, or underscoring the need for further reforms.

## Data Assets and Alliances

New York Fed economists have exceptional opportunities to join with others in the coordinated study of specialized economic data.

### CENTER FOR MICROECONOMIC DATA

The New York Fed's Center for Microeconomic Data, inaugurated in December 2013, has become an important hub for research on the expectations and behavior of individual economic agents. Bank economists affiliated with the Center develop and use microeconomic data and microeconomic techniques to examine key decisions taken by households and firms and to investigate the effects of fiscal and monetary policy on these groups.

Two large data collection projects anchor the Center: the FRBNY Consumer Credit Panel and the Survey of Consumer Expectations. The Consumer Credit Panel gathers detailed quarterly data on the liabilities of a nationally representative sample of U.S. households. The data set is used to calculate national and regional measures of individual- and household-level credit balances and delinquencies by product type, including mortgages, credit cards, auto loans, and student loans. The Survey of Consumer Expectations, fielded monthly, collects information on a wide variety of household expectations regarding inflation, future earnings, household income, house prices, access to credit, layoff risk, and U.S. economic conditions overall. A third project, scheduled to launch early in 2016, gathers data from a panel of small businesses to shed light on trade credit, business formation, and firm dynamics.

While central banks are often thought to specialize in macroeconomic analysis, the data and research emerging from the Center for Microeconomic Data contribute importantly to the Fed's economic insight and policy decisions. The Center's regular releases on household credit conditions and the consumer outlook are also followed closely by government policymakers and the media, and have helped shape

public debate on issues such as the nation's growing student debt burden. Moreover, the Center's work has served as a catalyst for new research by academic economists, who often partner with our economists on studies of this rich body of household and firm data.

### INTERNATIONAL BANKING RESEARCH NETWORK

Another important initiative of interest to new economist hires is the International Banking Research Network (IBRN), a community of central bank researchers who study global banks and their activities. Established in 2012 by a New York Fed economist and researchers from Austria, Germany, and the United Kingdom, the IBRN seeks to improve

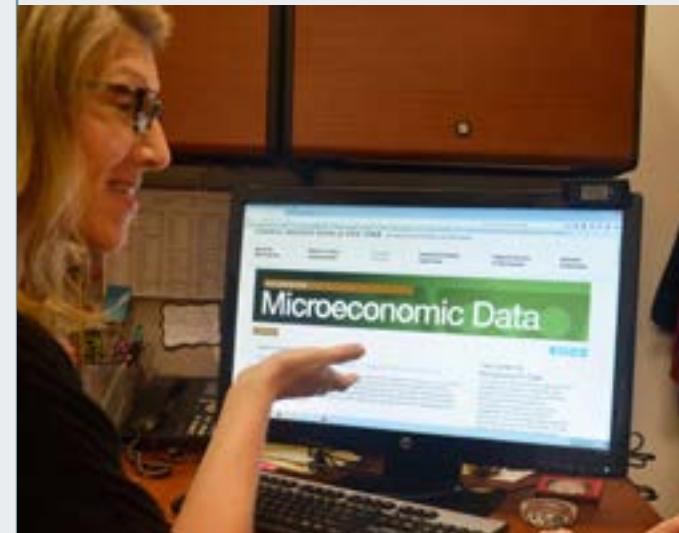
The IBRN's first project, undertaken in 2013 and implemented by eleven countries, explored how funding shocks affecting parent banks were transmitted to foreign countries through cross-border banking activities. The network's current project, begun in 2014, is exploring the effects of macroprudential policy changes on global banks' lending and funding in their home countries and abroad. Researchers from more than twenty central banks, the Bank for International Settlements, the International Monetary Fund, the European Central Bank, and the European Systemic Risk Board are participating in the project, which should illuminate why banks in different countries may respond differently to policies enacted in the wake of the global financial crisis. The study should also inform the broader discussion of future directions for macroprudential policy conduct.

### NEW YORK CENSUS RESEARCH DATA CENTER

The Research Group, on behalf of the New York Fed, helped establish a U.S. Census Bureau Research Data Center in New York City. The Bank is a founding member of the consortium that supports the facility, joining other leading universities and research organizations in New York State.

The presence of the Research Data Center in the New York area supports an important strand of empirical research in the Bank and the region. At the Data Center, researchers who have completed a rigorous project review process can access in a secure facility selected confidential economic and demographic microdata gathered by the U.S. Census Bureau.

The New York Fed's consortium membership entitles Research Group economists to use the facility to conduct research with no additional lab fees or the need to travel.



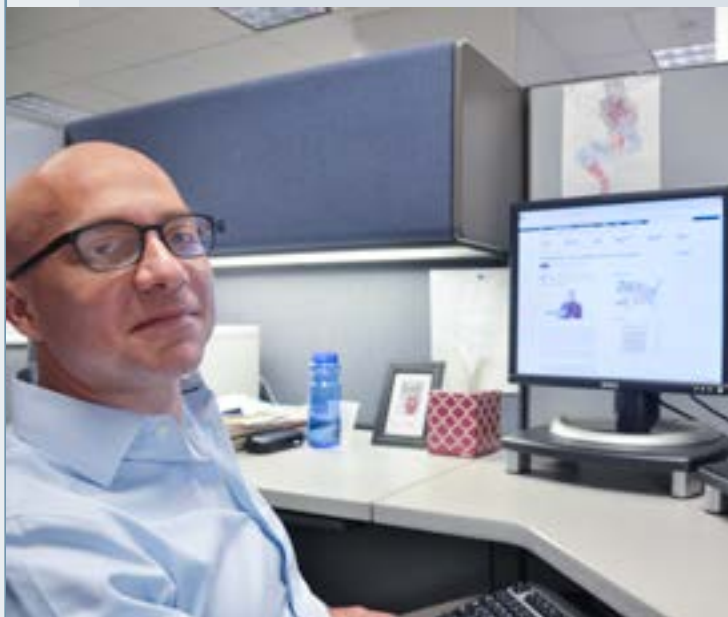
### CENTER FOR MICROECONOMIC DATA WEBSITE

policy discussion by using bank-level regulatory data in the joint analysis of key questions. Researchers in the network have access to the "micro" data underlying the Bank for International Settlements' international banking statistics, a resource that allows them to design experiments and achieve results not possible with studies that draw lessons exclusively from the experience of a single country.



### Key Features of the Research Computing Environment

- *A high-performance computing environment of Linux clusters.* In Research, parallel computing is performed by multiple clusters with high-speed networks connecting hundreds of processors. Application servers support parallel and serial work with standard and specialized econometric software resources.
- *A separate Research network for collaboration with external colleagues.* The flexible Research Accessible Network (RAN) supports economists' academic work and collaboration by providing convenient access to Internet resources from inside the Bank as well as access to Research Group resources from outside the Bank through the Internet.
- *Access to cloud computing.* For academic research projects, external high-performance clusters and graphics processing units (GPUs) are available and are integrated with the RAN cluster.
- *Access to the Bank's secure network.* The Bank's secure internal network can be used to conduct important policy work as well as to access e-mail, internal Federal Reserve System websites, and productivity applications and utilities.
- *Versatile workstation options.* A customizable environment of Windows, Linux, and Mac desktop and laptop solutions can be combined to meet economists' research needs. A dual-workstation option affords simultaneous access to the Bank network and the RAN. A variety of peripherals—including large monitors, secure external hard drives, high-end color printers, and secure USB drives—complement these workstation features.
- *Convenient remote access.* An array of automated tools streamlines research conducted at home or while traveling; BlackBerry devices are available for mobile communication.
- *A committed team of technical support specialists.* The Research Technology Staff provides local, specialized services dedicated to the computing needs of Research economists. They work alongside economists and are available via personal computer, e-mail, and phone. In addition, the team works closely with the National Service Desk, which is available 24/7, to provide integrated solutions for the Research Group's network computing business needs.
- *Data.* A full range of economic and financial data is available for independent research projects as well as for use in monetary policy initiatives associated with a wide variety of research topics.
- *Robust data-storage solutions.* Our Research Storage Area Network, with the capacity to store hundreds of terabytes of data, supports analysis of large data sets on the Bank's network and is protected by access controls, backups, and contingency locations.
- *Access to software resources.* Numerous econometric software packages and modules are available, including MATLAB, STATA, Mathematica, SAS Grid, Python, Julia, Fortran, the R programming language, EViews, GAUSS, and ArcGIS. Technical word-processing packages, such



FERNANDO GOMEZ, TECHNOLOGY SERVICES

as Scientific Workplace and WinEdt, are fully supported. Efficient and easy-to-use versioning packages such as SmartGit are readily available.

### A Rich Computing Environment

Our state-of-the-art Research Computing Environment offers economists a broad spectrum of technology resources, the ability to take advantage of real and financial data series, and electronic access to academic journals. Dedicated information technology and automation support services are available to meet researchers' individual needs.

### Extensive Professional Support

A superb group of administrative, computer, editorial, design, and library professionals help economists achieve their research objectives.

Joining this group of support personnel are roughly forty research analysts, who offer skilled and energetic assistance gathering data, conducting statistical analysis, and preparing materials for presentations.

Our RAs are typically recent college graduates who intend to pursue a Ph.D. in economics. Seventy-two percent of the Research Group's RAs in the last five years have gone on to graduate school, many to top-five programs in economics. In addition, our RAs did extraordinarily well this year in the competition for National Science Foundation fellowships, securing four of the roughly thirty awards given for graduate study in the field of economics.



AMY FARBER AND YVONNE PIERRE,  
RESEARCH LIBRARY

### Wide Internet Exposure

Personal web pages on the New York Fed's site, [www.newyorkfed.org/research/economists/](http://www.newyorkfed.org/research/economists/), heighten economists' visibility in the academic, policy, and business communities.

The pages feature the economist's biography and field of interest as well as links to curricula vitae, publications and working papers, and social-media output. These pages are among the most visited on our website.

### Liberty Street Economics Blog

The *Liberty Street Economics* blog, launched in 2011, provides a way for our economists to bring their research to the attention of a broader public. The posts, written in an accessible style, attract large numbers of readers and receive frequent attention from the media and financial bloggers in particular.

*Liberty Street Economics* typically publishes posts two to three times a week; to generate dialogue with the public, it also publishes reader comments and author responses. In 2015, the blog featured roughly 100 economics posts.



CASSIA LEE, EXECUTIVE SERVICES



# Resident Scholars Program

Our Program for Resident Scholars attracts to the Bank outstanding researchers with international reputations. We are very pleased to host Robert Townsend and S. “Vish” Viswanathan as resident scholars for 2015-16.

Robert Townsend is the Elizabeth and James Killian Professor of Economics at MIT and a Research Professor at the University of Chicago. A theorist, macroeconomist, and development economist, Professor Townsend analyzes the role and impact of economic organization and financial systems through applied general equilibrium models, contract theory, and the use of micro data. He is known for his seminal work on costly state verification, the revelation principle, optimal multi-period contracts, decentralization of economies with private information, models of money with spatially separated agents, forecasting the forecasts of others, and insurance and credit in developing countries.

S. “Vish” Viswanathan is the F. M. Kirby Professor of Investment Banking at the Fuqua School of Business, Duke University. Professor Viswanathan’s research interests include financial intermediation, collateral, the interaction of financial intermediation and market microstructure, and the regulation of financial markets and the banking system. His research focuses on collateral, capital structure and risk management, and recently on the role of capital

with financial intermediaries and the nature of risk management undertaken by financial institutions. Professor Viswanathan is the current President of the Financial Intermediation Research Society and a member of the NBER Corporate Finance Group.

Resident scholars, selected from the top academic and policy institutions in areas related to the Bank’s broad policy interests, join the Bank for a stay of at least six months. They are considered members of the Research Group and are offered access to resources on the same basis as other key Bank staff.

The scholars pursue their own research while providing intellectual leadership by advising and collaborating with our economists. They present their own work at Research Group seminars and attend presentations by others. Resident scholars also work closely with the director of research and have the opportunity to contribute to the Bank’s main policymaking discussions on such topics as monetary policy and macroeconomics, international economics, banking regulation, capital markets, financial stability, and applied microeconomics.

## Former Resident Scholars

**Peter Diamond**, Institute Professor Emeritus, MIT

**Mark J. Flannery**, BankAmerica Eminent Scholar in Finance, University of Florida

**Douglas Gale**, Silver Professor and Professor of Economics, New York University

**Mark Gertler**, Henry and Lucy Moses Professor of Economics, New York University

**Eric Ghysels**, Edward M. Bernstein Distinguished Professor of Economics, University of North Carolina at Chapel Hill

**Simon Gilchrist**, Professor of Economics, Boston University

**Nobuhiro Kiyotaki**, Professor of Economics, Princeton University

**John Leahy**, Professor of Economics, New York University

**Christopher Sims**, Professor of Economics, Princeton University

**Suresh M. Sundareshan**, Chase Manhattan Bank Foundation Professor of Financial Institutions, Columbia Business School

**Jiang Wang**, Mizuho Financial Group Professor, MIT Sloan School of Management



L-R: AYSEGUL SAHIN, MACROECONOMIC AND MONETARY STUDIES FUNCTION;  
FORMER RESIDENT SCHOLAR PETER DIAMOND, MIT



# Our Economists at a Glance: Current Research

Our economists engage in a variety of innovative research projects, some reflecting their independent research interests and others grounded in their policy work for the Bank. Here are just a few examples:



MARY AMITI, MICROECONOMIC STUDIES  
FUNCTION

**Jaison Abel**—Empirical research on the microfoundations of urban agglomeration economies and the spatial distribution of human capital.

**Sushant Acharya**—Theoretical research on international policy spillovers and capital controls during global liquidity traps.

**Tobias Adrian**—Research on the cost of equity capital in the financial sector.

**Gara Afonso**—Theoretical research on liquidity in financial markets during distressed periods; theoretical and empirical research on the U.S. interbank market.

**Mary Amiti**—Empirical research on the effects of financial shocks on exports.

**Olivier Armantier, Giorgio Topa, Wilbert van der Klaauw, and Basit Zafar**—Field experiments on

expectations updating and the links between expectations and behavior.

**Meta Brown**—Empirical research on the effects of student loans on young people's consumption patterns.

**Rajashri Chakrabarti**—Empirical research on education issues and policies and their effects on schools, students, and teachers.

**Richard Crump**—Econometric research on asset price dynamics, with a focus on risk premium modeling and forecasting.

**Marco Del Negro**—Forecasting and policy analysis using dynamic stochastic general equilibrium models.

**Bianca De Paoli**—Theoretical research on the design of monetary policy in small open economies; macroprudential policies.

**Keshav Dogra**—Theoretical research on the costs and benefits of debt relief and macroprudential policy at the zero lower bound.

**Fernando Duarte and Thomas Eisenbach**—Research on fire-sales and how they affect the stability of the financial sector.

**Stefano Eusepi**—Research on the implications of different theories of expectations formation for monetary and fiscal policy design.

**Andreas Fuster**—Empirical research on mortgage markets, the Fed's mortgage-backed securities purchases, and the pricing of prepayment risk.

**Kenneth Garbade**—Historical evolution of the market for U.S. Treasury securities.

**Domenico Giannone**—Forecasting using large data sets.

**Marc Giannoni**—Research on optimal monetary policy in the face of uncertainty and on the

estimation of macroeconomic models using large data sets.

**Fatih Karahan**—Theoretical and empirical research on geographical mobility and the interaction between the housing and the labor market.

**Donghoon Lee**—Empirical research on consumer credit, the mortgage market, student loans, and household finance.

**Donald Morgan**—Theoretical and empirical research aimed at defining and detecting predatory lending by banks.

**Paolo Pesenti**—The use of open-economy simulation models for policy analysis; commodity price forecasting.

**Laura Pilossoph**—Empirical and theoretical research on the sources of long-term unemployment and on the connection between assortative matching and income inequality.

**Maxim Pinkovskiy**—Empirical research on inequality and welfare measures and on the determinants of economic growth; analysis of macroeconomic and labor market impacts of health policy, including the Affordable Care Act.



DOMENICO GIANNONE, MACROECONOMIC AND  
MONETARY STUDIES FUNCTION

**Benjamin Pugsley**—Research on the behavior of young and small firms and how they affect aggregate economic conditions.

**Ayşegül Şahin**—Theoretical and empirical research on labor market dynamics with an emphasis on the most recent downturn's potential long-term labor market effects.

**João Santos**—Theoretical research on the determinants of systemic risk in the banking sector and on the design of regulation to address systemic risk; empirical research on bank lending activity and bank liquidity risk.

**Andrea Tambalotti**—General equilibrium modeling of constraints on the leverage of financial intermediaries and their role in the housing and credit boom.

**Giorgio Topa**—Empirical research on referrals in the labor market, on social interactions, and on subjective expectations; survey data collection and empirical research on job search behavior.

**Wilbert van der Klaauw**—Empirical research on the effect of Social Security reform on savings and retirement behavior, welfare reform, family structure dynamics, and child development; new data collection and empirical research on household debt and subjective expectations.



KENNETH GARBADE, MONEY AND PAYMENTS  
STUDIES FUNCTION



# The Research Group's Policy Work

Our economists engage in policy-oriented analysis of a wide range of important issues. Their analysis helps guide the Federal Reserve's assessment of the economy, formulation of monetary policy, and monitoring of financial system stability.

In 2014-15, Research Group economists pursued several noteworthy policy initiatives. The Microeconomic Studies Function, for example, deepened its investigation of the country's worsening student debt problem. Since 2012, the group has explored the rapid growth of student loan balances—now the largest category of debt outside of mortgage debt—in a series of reports, research papers, and press releases. Drawing on data from the New York Fed's Consumer Credit Panel, the economists' work has helped initiate and inform a large national discussion of the student debt issue by policymakers and the media.

This year's efforts began with a three-part student loan series in the *Liberty Street Economics* blog. The series examined the causes and effects of rising loan balances, the composition of borrowers by age and level of indebtedness, and the patterns of default and repayment rates over time. Subsequently, the Bank hosted "Convening on Student Loan Data," a forum where economists, government officials, and policy analysts offered insights into the debt build-up and called for more data at the borrower and institutional levels to guide the design of an improved student loan program. A third initiative took place in April, when the Bank held a press briefing with nearly twenty reporters and thirty industry and government experts in attendance to report new research findings on borrowing and repayment trends. Together, these initiatives have shed light on which student borrowers are most at risk for default, what types of policy intervention might be most effective, and what kinds of data are still needed—all issues of great interest to policymakers.



L-R: WILBERT VAN DER KLAUW, MICROECONOMIC STUDIES FUNCTION; JAMES MCANDREWS, DIRECTOR OF RESEARCH

In other policy-related research this year, economists in the Capital Markets Function, collaborating with economists in the Bank's Integrated Analysis and Markets Groups and the Board of Governors, have investigated the evolving nature of market liquidity—the ability to buy and sell securities quickly at minimal cost. The liquidity issue has recently received much attention, arising in part from market participants' concerns that regulatory and structural changes have reduced dealers' market-making abilities, but also from events such as the taper tantrum and the flash rally. To inform policymakers and the public, the Fed researchers published two series of *Liberty Street Economics* blog posts on the issue. The first examined various measures of liquidity in the Treasury market; considered the evolving role of high-frequency trading

in financial markets; and documented the stagnation of dealer balance sheets since 2009, exploring possible drivers of this behavior. The second series examined various measures of liquidity in the corporate bond market; assessed liquidity risk in the corporate bond, Treasury, and equity markets; addressed the changing role of dealers; and considered the potential for increased uncertainty about the level of liquidity in markets where high-frequency trading is common.

Individually, our seven research functions apply their particular expertise to a wide range of other policy responsibilities.

**Capital Markets** contributes to the formulation and implementation of monetary policy and the monitoring of market and financial stability by developing new analytical tools and providing rigorous analysis to senior Bank management. Recent work by the staff analyzes transparency in over-the-counter markets, dealer positioning, liquidity in fixed-income markets, the pricing of the term structure of interest rates and credit, the inflationary expectations embedded in financial market prices, the vulnerability of financial institutions to systemic risk, the links between financial intermediary balance sheet management and asset price dynamics, and the provision of liquidity by the Federal Reserve.



ANDREW HAUGHWOUT, MICROECONOMIC STUDIES FUNCTION

The **Financial Intermediation** staff conducts research and policy analysis on a host of issues relating to financial intermediation and financial markets, including the behavior and health of financial institutions, financial market innovation, and the development of appropriate supervisory tools and techniques. Economists examine these issues from both a macroeconomic and a microeconomic perspective, with an emphasis on the performance and stability of financial markets and core institutions. Recently, they have studied the evolution of the banking industry, frictions in the mortgage securitization process, bank funding patterns, the role of central bank liquidity provision, credit derivatives and other financial innovations, and risk management and corporate governance issues.

**International Research** economists conduct research and policy analysis on global macroeconomic, trade, and finance issues affecting the United States. Recent topics examined include the use of unconventional monetary policies abroad, the euro-area debt crisis, the role of global banking in monetary transmission, the forecasting of commodity prices, and the measurement of risk premiums in international bond and currency markets.

In **Macroeconomic and Monetary Studies**, economists advise senior Bank management on monetary



L-R: ERIK VOGT AND NINA BOYARCHENKO, CAPITAL MARKETS FUNCTION



policy through regular briefings ahead of each FOMC meeting. They monitor and analyze current economic and financial conditions; provide forecasts for the U.S. economy using judgmental as well as statistical methodologies, including the Bank's own DSGE model and a new nowcasting platform; and assess risks to the outlook. In recent work, Function economists have assessed the health of the labor market after the



PRESS BRIEFING ON STUDENT LOAN BORROWING TRENDS, 2015

Great Recession, using both modern economic theory and in-depth knowledge of the macro and micro data. Other efforts include quantifying the headwinds that have contributed to a lackluster recovery and determining the appropriate monetary response to them, as well as producing a term structure of inflation expectations using a large set of survey measures.

**Microeconomic Studies** contributes to monetary policy formulation and financial stability by providing policy advice and empirical analysis on auction design; consumer and business expectations; the healthcare sector; household finance; the housing and mortgage markets; labor market dynamics, unemployment, participation, and job search; state and local fiscal policy; and small businesses and entrepreneurship. The Function also plays a unique role in the development of new micro data sets that enable the Bank to formulate accurate and fact-based policy responses, including the Consumer Credit Panel, the student loan data set, the Survey of Consumer Expectations,

and—with the Regional Analysis Function—regional business surveys.

**Money and Payments Studies** analyzes the infrastructure at the heart of the financial system. Key elements of study are the interbank and money markets—such as the federal funds, repo, and other over-the-counter markets—as well as payments and settlement systems. Recent work includes analyzing activity in the federal funds markets, drafting policy proposals aimed at improving monetary policy implementation, investigating the stability of repo and other short-term funding markets, understanding the historical evolution of the financial sector, and examining the failure and resolution of large financial firms. The Function has also analyzed strategies for mitigating risk in payments and settlement systems.

The **Regional Analysis** staff monitors and analyzes regional economic conditions, with an emphasis on the Second Federal Reserve District. Research findings are presented to the Bank's senior management as well as to the District's broader business, research, and policy communities and the public. Staff members also produce the *Empire State Manufacturing Survey* and the *Business Leaders Survey*, monthly indexes of coincident economic indicators, and the *Beige Book* report. Areas of analysis include the magnitude and sources of urban agglomeration economies, higher education issues, the dynamics of for-profit institutions, the



MARK FLANNERY, U.S. SECURITIES AND EXCHANGE COMMISSION  
NEW YORK FED/NYU STERN CONFERENCE ON FINANCIAL INTERMEDIATION

competitiveness of Puerto Rico's economy, the relationship between prices and rents in New York City, and the impact of the financial crisis on schools, teachers, and students in New York and New Jersey.

### *The Interplay of Research and Policy*

Academic research and policy analysis can give rise to great synergies at the New York Fed. Many economists find that their policy work suggests new lines of inquiry for their research. A case in point is the work on fire-sale spillover risk conducted by Fernando Duarte and Thomas Eisenbach. As a policy exercise for their working group on liquidity, the two financial economists were asked in 2013 to review a study by Greenwood, Landier, and Thesmar that created a framework for calculating banks' exposure to asset fire-sales. Duarte and Eisenbach first replicated the analysis, then expanded it to a panel analysis tracking bank vulnerabilities over time. They also broadened the data to include repo market data for broker-dealers as well as regulatory balance sheet data for U.S. bank holding companies. Their study, released in the Bank's working paper series and now under consideration at a leading journal, introduces a new measure of systemic risk specific to fire-sale spillovers. Significantly, for the period before the financial crisis, the measure signals a steady build-up of vulnerability starting in the early 2000s—far earlier than other measures have suggested.

Duarte and Eisenbach's work on fire-sale spillovers has led to policy action as well as new research. Their risk measure is now one of the standard gauges used in the vulnerability analytics conducted by the New York Fed and the Federal Reserve Board. It not only offers an aggregate measure of the degree of risk in the financial system but also allows analysts to assess the stability of individual banks and broker-dealers over time.

While policy assignments can spark new research, the relationship is a reciprocal one: an economist's research will find many applications to policy work. Domenico Giannone, an economist in the Macroeconomic and Monetary Studies Function, has done extensive research on nowcasting—a methodology for monitoring current macroeconomic conditions by distilling macroeconomic news in real time. Predicting



CONVENING ON STUDENT LOAN DATA CONFERENCE

the present is a crucial task since the most comprehensive and reliable measures of economic activity, such as GDP, are released only with a substantial delay. Fortunately, a large set of more timely, high-frequency information is available and can be exploited to take the pulse of the economy. Adopting formal statistical methods for big data, Giannone and colleagues have created a platform that tracks a wide range of data—for example, unemployment claims, manufacturing orders, price indexes, and export and import volumes—to produce *current-quarter* estimates of GDP and other important indicators.

Because nowcasting captures current conditions, it is of great interest to policymakers, who ideally base their decisions on a grasp of the economy as it stands now. Not surprisingly, then, the methodology has become an important policy tool at the New York Fed. Giannone and other economists in his Function are using the new platform to produce forecasts that complement the more traditional forecasts that draw on analysts' expert knowledge and judgment. Both sets of forecasts are reported to senior management during the briefings that precede each meeting of the FOMC, the Federal Reserve's monetary policymaking body.

New hires in the Research Group have many opportunities to pursue other connections between research and policy work. In doing so, they will find that the more experienced members of the Group are available to mentor them and to help identify synergies between their academic interests and policy responsibilities.





DIRECTOR OF RESEARCH  
JAMES J. MCANDREWS

# *Research Functions and Personnel*

## DIRECTOR OF RESEARCH JAMES J. MCANDREWS

JAMES J. MCANDREWS IS AN EXECUTIVE VICE PRESIDENT AND HEAD OF THE RESEARCH AND STATISTICS GROUP AT THE FEDERAL RESERVE BANK OF NEW YORK. IN THIS ROLE, JAMIE IS RESPONSIBLE FOR THE BRIEFINGS IN SUPPORT OF THE BANK PRESIDENT'S PARTICIPATION IN FOMC MEETINGS AND FOR THE ECONOMIC AND FINANCIAL POLICY ANALYSIS PREPARED BY THE GROUP. HE HAS PLAYED A PROMINENT ROLE IN THE NEW YORK FED'S FINANCIAL STABILITY EFFORTS, INCLUDING CONTRIBUTING TO THE DESIGN OF SEVERAL LIQUIDITY FACILITIES DURING THE FINANCIAL CRISIS.

JAMIE JOINED THE BANK AS A SENIOR ECONOMIST IN 1997 AND WAS NAMED AN EXECUTIVE VICE PRESIDENT IN 2010, AFTER HAVING SERVED AS ASSOCIATE DIRECTOR OF THE RESEARCH AND STATISTICS GROUP SINCE 2009. HE IS A MEMBER OF THE BANK'S MANAGEMENT COMMITTEE.

HIS MAIN RESEARCH AREA IS THE ECONOMICS OF MONEY AND PAYMENTS. HE HAS WRITTEN EXTENSIVELY ON TOPICS IN MONETARY POLICY IMPLEMENTATION, THE LIQUIDITY OF BANKS AND MARKETS, AND MONETARY ARRANGEMENTS IN U.S. HISTORY. RECENT TOPICS INCLUDE THE ECONOMICS OF MONETARY POLICY IMPLEMENTATION, THE MANAGEMENT OF CENTRAL BANK LIABILITIES, AND THE INTERPLAY OF FISCAL AND MONETARY POLICIES. HE HAS ANALYZED AND PROVIDED ADVICE ON MANY POLICY ISSUES RELATED TO THOSE AREAS FOR THE FEDERAL RESERVE.

JAMIE SERVES ON THE STEERING COMMITTEE FOR THE COMPREHENSIVE LIQUIDITY ANALYSIS AND REVIEW SUPERVISORY PROGRAM, IS A MEMBER OF THE BANK'S MANAGEMENT COMMITTEE, AND SERVES ON OTHER GOVERNANCE COMMITTEES FOR THE BANK. HE HOLDS A BACHELOR'S DEGREE AND A DOCTORATE IN ECONOMICS FROM THE UNIVERSITY OF IOWA.





ASSOCIATE DIRECTOR OF RESEARCH  
TOBIAS ADRIAN

ASSOCIATE DIRECTOR OF RESEARCH TOBIAS ADRIAN

**T**OBIAS ADRIAN, A SENIOR VICE PRESIDENT IN THE RESEARCH AND STATISTICS GROUP, WAS APPOINTED TO THE NEWLY CREATED POSITION OF ASSOCIATE DIRECTOR IN JUNE 2015. IN THIS NEW ROLE, TOBIAS IS ASSUMING INCREASED RESPONSIBILITY FOR THE RESEARCH GROUP’S WORK ON FINANCIAL STABILITY ISSUES, OVERSEEING AND COORDINATING THE WORK ACROSS THE GROUP’S FUNCTIONS AS WELL AS FOSTERING COLLABORATION WITH COLLEAGUES ACROSS THE BANK, THE BOARD OF GOVERNORS, AND THE FEDERAL RESERVE SYSTEM. CURRENT FINANCIAL STABILITY PRIORITIES INCLUDE THE ONGOING DEVELOPMENT OF FINANCIAL VULNERABILITY ANALYTICS WITHIN RESEARCH AND CROSS-BANK WORK ON MARKET LIQUIDITY RISK.

TOBIAS JOINED THE BANK AS AN ECONOMIST IN 2003, WAS NAMED A SENIOR ECONOMIST IN 2006, A RESEARCH OFFICER IN 2008, AN ASSISTANT VICE PRESIDENT IN 2009, A VICE PRESIDENT IN 2010, AND A SENIOR VICE PRESIDENT IN 2013. HE ALSO SERVED AS HEAD OF THE CAPITAL MARKETS FUNCTION FROM 2012 TO 2015.

HIS RESEARCH COVERS ASSET PRICING, FINANCIAL INTERMEDIATION, AND MACROECONOMICS, WITH A FOCUS ON THE AGGREGATE IMPLICATIONS OF CAPITAL MARKET DEVELOPMENTS. RECENT RESEARCH EXAMINES THE ROLE OF FINANCIAL VULNERABILITIES IN THE CONDUCT OF MONETARY POLICY, THE IMPORTANCE OF INTERMEDIARY BALANCE SHEET MANAGEMENT IN ASSET VALUATIONS AND SYSTEMIC RISK, AND MACROPRUDENTIAL POLICIES.

TOBIAS HAS CONTRIBUTED TO THE FORMULATION OF THE BANK’S FINANCIAL STABILITY POLICY AND IS A REGULAR PARTICIPANT IN MONETARY POLICY BRIEFINGS. HE HAS TAUGHT AT MIT, PRINCETON UNIVERSITY, AND NEW YORK UNIVERSITY AND HAS PUBLISHED IN THE JOURNAL OF FINANCE, THE JOURNAL OF FINANCIAL ECONOMICS, AND THE REVIEW OF FINANCIAL STUDIES. HE HOLDS A PH.D. FROM MIT AND AN M.SC. IN ECONOMETRICS AND MATHEMATICAL ECONOMICS FROM THE LONDON SCHOOL OF ECONOMICS.





## Capital Markets

THE CAPITAL MARKETS FUNCTION CONDUCTS RESEARCH AND POLICY ANALYSIS ON ASSET PRICING AND FINANCIAL MARKET LIQUIDITY AND ON THE INTERACTION BETWEEN MARKETS, INSTITUTIONS, AND THE MACRO-ECONOMY. A CLOSE WORKING RELATIONSHIP WITH THE BANK'S TRADING DESK, WELL-ESTABLISHED CONTACTS WITH MARKET PARTICIPANTS, AND STRONG TIES TO BUSINESS SCHOOL FINANCE DEPARTMENTS CREATE A UNIQUE ENVIRONMENT FOR FINANCIAL MARKET RESEARCH.

### Recent research topics include:

- the links between financial markets and the macroeconomy,
- estimation of risk premia in equity, fixed-income, and derivatives markets,
- liquidity in equity, fixed-income, and derivatives markets,
- the interaction between financial institutions' balance sheets and market liquidity,
- economic analysis of the market-based financial system,
- analysis of financial market stress and the measurement of systemic risk,
- risk management and stress test design, and
- macroprudential policy and monetary policy.

### Capital Markets Staff

**Tobias Adrian**  
*Ph.D., MIT, 2003*  
Interests: Asset pricing; financial intermediation; financial stability.

**Nina Boyarchenko**  
*Ph.D., Chicago, 2011*  
Interests: Asset pricing; macroeconomics; market liquidity.

**Richard Crump**  
*Ph.D., UC Berkeley, 2009*  
Interests: Econometric theory; financial economics.

**Fernando Duarte**  
*Ph.D., MIT, 2011*  
Interests: Asset pricing; macroeconomics; monetary policy.

**Michael Fleming**  
*Ph.D., Harvard, 1994*  
Interests: Market microstructure; financial intermediation; monetary policy.

**Andreas Fuster**  
*Ph.D., Harvard, 2011*  
Interests: Household finance; real estate finance; behavioral economics.

**David Lucca**  
*Ph.D., Northwestern, 2006*  
Interests: Asset pricing; macroeconomics; monetary policy.

**Or Shachar**  
*Ph.D., NYU, 2013*  
Interests: Market frictions; credit risk; financial econometrics.

**Peter Van Tassel**  
*Ph.D., Princeton, 2015*  
Interests: Asset pricing; financial econometrics.

**Erik Vogt**  
*Ph.D., Duke, 2014*  
Interests: Financial econometrics; asset pricing; volatility and liquidity risk.

### Recent Publications and Papers

**Tobias Adrian.** "Procyclical Leverage and Value-at-Risk," with Hyun Song Shin. *Review of Financial Studies* 27, no. 2 (2014).

**Nina Boyarchenko.** "Ambiguity Shifts and the 2007-2008 Financial Crisis." *Journal of Monetary Economics* 59, no.5. Carnegie-NYU-Rochester Conference Series on Public Policy (2012).

**Richard Crump.** "Regression-Based Estimation of Dynamic Asset Pricing Models," with Tobias Adrian and Emanuel Moench. *Journal of Financial Economics*, forthcoming.

**Fernando Duarte.** "Inflation Risk and the Cross-Section of Stock Returns." Federal Reserve Bank of New York *Staff Reports*, no. 621 (2013).

**Michael Fleming.** "The Failure Resolution of Lehman Brothers," with Asani Sarkar. Federal Reserve Bank of New York *Economic Policy Review* 20, no. 2 (2014).

**Andreas Fuster.** "Securitization and the Fixed-Rate Mortgage," with James Vickery. *Review of Financial Studies* 28, no. 1 (2015).

**David Lucca.** "The Pre-FOMC Announcement Drift," with Emanuel Moench. *Journal of Finance* 70, no. 1 (2015).

**Or Shachar.** "Why Do Closed-End Bond Funds Exist? An Additional Explanation for the Growth in Domestic Closed-End Bond Funds," with Edwin J. Elton, Martin J. Gruber, and Christopher R. Blake. *Journal of Financial and Quantitative Analysis* 48, no. 2 (2013).

**Peter Van Tassel.** "Merger Options and Risk Arbitrage." Unpublished paper, Princeton University, January 2015.

**Erik Vogt.** "Nonlinearity and Flight to Safety in the Risk-Return Trade-Off for Stocks and Bonds," with Tobias Adrian and Richard Crump. Federal Reserve Bank of New York *Staff Reports*, no. 723 (2015).





## Financial Intermediation

THE FINANCIAL INTERMEDIATION FUNCTION CONDUCTS RESEARCH AND POLICY-ORIENTED ANALYSIS ON A WIDE RANGE OF ISSUES RELATED TO FINANCIAL INTERMEDIATION AND FINANCIAL MARKETS, INCLUDING THE BEHAVIOR AND HEALTH OF FINANCIAL INSTITUTIONS, INNOVATIONS IN FINANCIAL MARKETS, FINANCIAL MARKET GOVERNANCE AND RISK MANAGEMENT, AND THE DEVELOPMENT OF APPROPRIATE SUPERVISORY TOOLS AND TECHNIQUES. ECONOMISTS EXAMINE THESE ISSUES FROM MACROECONOMIC AND MICROECONOMIC PERSPECTIVES, WITH A FOCUS ON THE PERFORMANCE AND STABILITY OF FINANCIAL MARKETS AND CORE INSTITUTIONS.

### Recent research topics include:

- the stability of financial markets and institutions,
- macroprudential regulation of the financial industry,
- corporate governance and executive compensation,
- risk management and measurement,
- securitization and structured finance,
- credit markets and debt ratings,
- regulatory capital requirements,
- consumer finance protection and regulation,
- banking and the real economy, and
- international banking.

### Financial Intermediation Staff

**Gara Afonso**  
*Ph.D., London School of Economics and Political Science, 2008*  
Interests: Financial economics; liquidity; financial stability; interbank markets.

**Nicola Cetorelli**  
*Ph.D., Brown, 1996*  
Interests: Banking; industrial organization; corporate finance; bank finance and real activity.

**Dong Beom Choi**  
*Ph.D., Princeton, 2012*  
Interests: Financial economics; banking; liquidity crises; financial stability.

**Linda Goldberg**  
*Ph.D., Princeton, 1988*  
Interests: International banking and shock transmission across borders; exchange rate causes and consequences; international roles of the dollar and other currencies.

**Paul Goldsmith-Pinkham**  
*Ph.D., Harvard, 2015*  
Interests: Consumer finance; networks; econometrics.

**Beverly Hirtle**  
*Ph.D., MIT, 1986*  
Interests: Bank capital; stress testing; banks' dividend and stock repurchase behavior; public disclosure by banks and supervisors.

**Anna Kovner**  
*Ph.D., Harvard, 2008*  
Interests: Corporate finance; banking; venture capital and private equity.

**Hamid Mehran**  
*Ph.D., University of North Carolina, 1990*  
Interests: Corporate finance.

**Donald Morgan**  
*Ph.D., Wisconsin, 1989*  
Interests: Consumer credit; personal bankruptcy; information frictions and macroeconomic activity.

**Stavros Peristiani**  
*Ph.D., Columbia, 1984*  
Interests: Banking and finance; real estate finance; theoretical and applied econometrics.

**Matthew Plosser**  
*Ph.D., Chicago, 2012*  
Interests: Banking; corporate finance; private equity and entrepreneurial activity.

**João Santos**  
*Ph.D., Boston University, 1994*  
Interests: Corporate finance; banking; banking regulation and the design of financial systems, institutions, and contracts.

**James Vickery**  
*Ph.D., MIT, 2004*  
Interests: Banking and financial institutions; mortgage markets and real estate finance; household finance; corporate finance.

### Recent Publications and Papers

**Gara Afonso.** "Trade Dynamics in the Market for Federal Funds," with Ricardo Lagos. *Econometrica* 83, no. 1 (2015).

**Nicola Cetorelli.** "Banking Globalization and Monetary Transmission," with Linda Goldberg. *Journal of Finance* 67, no. 5 (2012).

"Credit Quantity and Credit Quality: Bank Competition and Capital Accumulation," with Pietro Peretto. *Journal of Economic Theory* 147, no. 3 (2012).

**Dong Beom Choi.** "Heterogeneity and Stability: Bolster the Strong, Not the Weak." *Review of Financial Studies* 27, no. 6 (2014).

**Linda Goldberg.** "Banking Globalization and Monetary Transmission," with Nicola Cetorelli. *Journal of Finance* 67, no. 5 (2012).

"Liquidity Management of U.S. Global Banks: Internal Capital Markets in the Great Recession," with Nicola Cetorelli. *Journal of International Economics* 88, no. 2 (2012).

**Paul Goldsmith-Pinkham.** "Consumer Bankruptcy and Financial Health," with Will Dobbie and Crystal Yang. NBER Working Paper no. 21032 (2015).

**Beverly Hirtle.** "Bank Holding Company Dividends and Repurchases during the Financial Crisis." Federal Reserve Bank of New York *Staff Reports*, no. 666 (2014).

**Anna Kovner.** "Do Underwriters Matter? The Impact of the Near Failure of an Equity Underwriter." *Journal of Financial Intermediation* 21, no. 3 (2012).

"The Private Equity Advantage: Leveraged Buyout Firms and Relationship Banking," with Victoria Ivashina. *Review of Financial Studies* 24, no. 7 (2011).

**Hamid Mehran.** "Bank Capital and Value in the Cross-Section," with Anjan Thakor. *Review of Financial Studies* 24, no. 4 (2011).

**Donald Morgan.** "How Payday Credit Access Affects Overdrafts and Other Outcomes," with Michael Strain and Ihab Seblani. *Journal of Money, Credit, and Banking* 44, no. 2-3 (2012).

**Stavros Peristiani.** "The Information Value of the Stress Test," with Donald Morgan and Vanessa Savino. *Journal of Money, Credit, and Banking* 46, no. 7 (2014).

**Matthew Plosser.** "Bank Heterogeneity and Capital Allocation: Evidence from 'Fracking' Shocks." Federal Reserve Bank of New York *Staff Reports*, no. 693 (2014).

**João Santos.** "Banks' Liquidity and the Cost of Liquidity to Corporations," with Vitaly Bord. *Journal of Money, Credit, and Banking* 46, no. s1 (2014).

"Does the Securitization of Corporate Loans Lead to Riskier Lending?" with Vitaly Bord. *Journal of Money, Credit, and Banking* 47, no. 2-3 (2015).

**James Vickery.** "Barriers to Household Risk Management: Evidence from India," with Shawn Cole, Xavier Giné, Jeremy Tobacman, Petia Topalova, and Robert Townsend. *American Economic Journal: Applied Economics* 5, no. 1 (2013).

"Securitization and the Fixed-Rate Mortgage" with Andreas Fuster. *Review of Financial Studies* 28, no. 1 (2015).





## International Research

THE INTERNATIONAL RESEARCH FUNCTION CONDUCTS RESEARCH AND POLICY ANALYSIS ON INTERNATIONAL ECONOMICS, EXAMINING ISSUES IN OPEN-ECONOMY MACROECONOMICS, GLOBAL FINANCE, AND TRADE. STAFF RESEARCH IS PUBLISHED IN ACADEMIC JOURNALS AND FEDERAL RESERVE PUBLICATIONS AND IS DESIGNED TO CONTRIBUTE TO THE BANK’S OVERALL PERSPECTIVE ON INTERNATIONAL ISSUES.

### Recent research topics include:

- macroeconomic spillovers and policy interdependence,
- capital mobility and financial integration,
- current account sustainability and global rebalancing,
- causes and consequences of exchange rate movements,
- exchange rate pass-through to prices,
- European and Japanese economic issues, and
- commodity prices.

### International Research Staff

**Ozge Akinci**  
*Ph.D., Columbia University, 2012*  
Interests: Open economy macroeconomics; financial crises; and macroprudential policies.

**Bianca De Paoli**  
*Ph.D., London School of Economics and Political Science, 2006*  
Interests: International finance; monetary economics; linkages between financial markets and the macroeconomy.

**Jan Groen**  
*Ph.D., Erasmus University Rotterdam, 2000*  
Interests: International finance; applied econometrics; macroeconomics; financial economics.

**Thomas Klitgaard**  
*Ph.D., Stanford University, 1985*  
Interests: European and Japanese economic issues; capital flows; international trade; exchange rates.

**Paolo Pesenti**  
*Ph.D., Yale, 1991*  
Interests: Global macroeconomic adjustment; financial and currency crises.

### Recent Publications and Papers

**Ozge Akinci.** “Global Financial Conditions, Country Spreads, and Macroeconomic Fluctuations in Emerging Economies.” *Journal of International Economics* 91, no. 2 (2013).

**Bianca De Paoli.** “Cyclical Risk Aversion, Precautionary Savings, and Monetary Policy,” with Pawel Zabczyk. *Journal of Money, Credit, and Banking* 45, no. 1 (2013).

**Jan Groen.** “Real-Time Inflation Forecasting in a Changing World,” with Richard Paap and Francesco Ravazzolo. *Journal of Business and Economic Statistics* 31, no. 1 (2013).

**Thomas Klitgaard.** “The Balance of Payments Crisis in the Euro Area Periphery,” with Matthew Higgins. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 20, no. 2 (2014).

**Paolo Pesenti.** “Endogenous Exchange Rate Pass-Through and Self-Validating Exchange Rate Regimes,” with Giancarlo Corsetti. In Ricardo J. Caballero and Klaus Schmidt-Hebbel, eds., *Economic Policies in Emerging-Market Economies, Festschrift in Honor of Vittorio Corbo*. Santiago, Chile: Central Bank of Chile, forthcoming.





# Macroeconomic and Monetary Studies

ECONOMISTS IN THE MACROECONOMIC AND MONETARY STUDIES FUNCTION CONDUCT SCHOLARLY RESEARCH ON MACROECONOMICS AND MONETARY ECONOMICS FOR PUBLICATION IN ACADEMIC JOURNALS. THEY ALSO PROVIDE RIGOROUS ANALYSIS OF CURRENT ECONOMIC, FISCAL, AND MONETARY CONDITIONS AND ADVISE SENIOR BANK MANAGEMENT ON MONETARY POLICY.

## Recent research topics include:

- forecasting and policy analysis using DSGE models,
- the Federal Reserve’s balance sheet risk,
- learning and heterogeneous beliefs in macroeconomics,
- monetary policy and inequality,
- the welfare costs of disinflation,
- nowcasting and forecasting using large macroeconomic data sets,
- models of the boom and bust in debt and house prices,
- labor market churn, job and worker flows,
- trends in labor force participation and the dynamics of the U.S. labor market,
- firm heterogeneity and aggregate employment fluctuations,
- duration dependence, long-term unemployment, and firm hiring,
- wage dynamics over the business cycle,
- demographics and firm dynamics,
- joint labor market search and the productivity gains from marriage, and
- positive assortative matching and income inequality.

## Macroeconomic and Monetary Studies Staff

- Sushant Acharya**  
*Ph.D., Maryland, 2013*  
Interests: Macroeconomics; monetary economics; information frictions in macroeconomics and learning.
- Marco Del Negro**  
*Ph.D., Yale, 1998*  
Interests: Macroeconomics; international macroeconomics and finance; DSGE models; factor models.
- Keshav Dogra**  
*Ph.D., Columbia, 2015*  
Interests: Macroeconomics; monetary economics; fiscal policy.
- Domenico Giannone**  
*Ph.D., Université Libre de Bruxelles, 2004*  
Interests: Forecasting; monetary policy; business cycles.
- Marc Giannoni**  
*Ph.D., Princeton, 2001*  
Interests: Macroeconomics; monetary economics; time series econometrics.
- Jonathan McCarthy**  
*Ph.D., Wisconsin, 1992*  
Interests: Macroeconomics; inventories; investment; housing; consumption.

- Richard Peach**  
*Ph.D., Maryland, 1983*  
Interests: Housing and real estate finance; federal fiscal policy.
- Laura Pilossoph**  
*Ph.D., Chicago, 2013*  
Interests: Macroeconomics; applied macroeconomics; labor economics.
- Benjamin Pugsley**  
*Ph.D., Chicago, 2012*  
Interests: Macroeconomics; firm dynamics; entrepreneurship.
- Robert Rich**  
*Ph.D., Brown, 1988*  
Interests: Macroeconomics; time series econometrics.
- Ayşegül Şahin**  
*Ph.D., University of Rochester, 2002*  
Interests: Macroeconomics; labor economics.
- Argia Sbordone**  
*Ph.D., Chicago, 1993*  
Interests: Macroeconomics; monetary economics; inflation dynamics.
- Andrea Tambalotti**  
*Ph.D., Princeton, 2004*  
Interests: Macroeconomics; monetary economics.

- Recent Publications and Papers**
- Sushant Acharya.** “Dispersed Beliefs and Aggregate Demand Management.” Unpublished paper, University of Maryland, May 2013.
- Marco Del Negro.** “Time-Varying Structural Vector Autoregressions and Monetary Policy: A Corrigendum,” with Giorgio E. Primiceri. *Review of Economic Studies* 82, no. 4 (2015).
- “When Does a Central Bank’s Balance Sheet Require Fiscal Support?” with Christopher A. Sims. *Journal of Monetary Economics* 73 (2015). Proceedings of *Monetary Policy: An Unprecedented Predicament*, Carnegie-Rochester-NYU Conference Series on Public Policy.
- Keshav Dogra.** “Liquidity Traps, Debt Relief, and Macroprudential Policy: A Mechanism Design Approach.” Unpublished paper, Columbia University, December 2014.
- Domenico Giannone.** “Prior Selection for Vector Autoregressions,” with Michèle Lenza and Giorgio Primiceri. *Review of Economics and Statistics* 97, no. 2 (2015).
- Marc Giannoni.** “Inflation in the Great Recession and New Keynesian Models,” with Marco Del Negro and Frank Schorfheide. *American Economic Journal: Macroeconomics* 7, no. 1 (2015).
- Jonathan McCarthy.** “Has the Response of Investment to Financial Market Signals Changed?” In Per Gunnar Berglund and Leanne J. Ussher, eds., *Recent Developments in Macroeconomics*. Eastern Economic Association conference volume, forthcoming.

- Richard Peach.** “How Does Slack Influence Inflation?” with Robert Rich and Anna Cororaton. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 17, no. 3 (2011).
- Laura Pilossoph.** “Statistical Discrimination and Duration Dependence in the Job Finding Rate,” with Gregor Jarosch. Unpublished paper, July 2014.
- Benjamin Pugsley.** “Grown-Up Business Cycles,” with Ayşegül Şahin. Federal Reserve Bank of New York *Staff Reports*, no. 707 (2014).
- Robert Rich.** “The Measurement and Behavior of Uncertainty: Evidence from the ECB Survey of Professional Forecasters,” with Joshua Abel, Joseph Song, and Joseph Tracy. *Journal of Applied Econometrics*, forthcoming.
- Ayşegül Şahin.** “The Decline of the U.S. Labor Share,” with Michael Elsby and Bart Hobijn. *Brookings Papers on Economic Activity*, Fall (2013).
- “Mismatch Unemployment,” with Joseph Song, Giorgio Topa, and Giovanni Violante. *American Economic Review* 104, no. 11 (2014).
- Argia Sbordone.** “Optimized Taylor Rules for Disinflation When Agents Are Learning,” with Timothy Cogley and Christian Matthes. *Journal of Monetary Economics* 72 (2015).
- Andrea Tambalotti.** “Has U.S. Monetary Policy Tracked the Efficient Interest Rate?” with Vasco Cúrdia, Andrea Ferrero, and Ging Cee Ng. *Journal of Monetary Economics* 70 (2015).





## Microeconomic Studies

THE MICROECONOMIC STUDIES FUNCTION CONTRIBUTES TO THE BANK'S SUPERVISORY AND POLICY MISSIONS THROUGH THE CONSTRUCTION AND ANALYSIS OF A WIDE ARRAY OF MICRO DATA SETS AND THE APPLICATION OF RELEVANT MICROECONOMIC THEORY AND STATE-OF-THE-ART ECONOMETRIC TECHNIQUES. IN ADDITION, STAFF CONDUCT LONG-TERM RESEARCH IN APPLIED MICROECONOMICS, LABOR ECONOMICS, PUBLIC FINANCE, CONSUMER FINANCE, HOUSING, AND URBAN AND HEALTH ECONOMICS.

### Recent research topics include:

- analysis of household balance sheets and consumer credit,
- factors underlying mortgage defaults and foreclosures, demand for housing
- student loans,
- survey measurement of household inflation expectations,
- subjective expectations formation, updating, and links to economic behavior,
- skill and locational mismatch in the labor market,
- vacancy posting behavior of firms,
- personal bankruptcy,
- job mobility,
- understanding trends in geographical mobility and its links with the labor market,
- analysis of macroeconomic and labor market impacts of health policy, including the Affordable Care Act,
- empirical analysis of models with multiple equilibria,
- subjective beliefs and educational choices,
- the spatial distribution of economic activity,
- design and comparison of belief-elicitation techniques,

- issues affecting the Federal Reserve's Term Auction Facility,
- spatial and temporal variation in vacant-land prices,
- selection and income distribution dynamics, and
- simulated maximum-likelihood estimation for discrete choice models.

### Microeconomic Studies Staff

#### Mary Amiti

*Ph.D., London School of Economics and Political Science, 1997*

Interests: Trade finance; trade liberalization and productivity; wages, the wage skill premium, and product quality; exchange rate pass-through.

#### Olivier Armantier

*Ph.D., University of Pittsburgh, 1999*

Interests: Industrial organization; econometrics; experimental economics; applied microeconomics; game theory.

#### Meta Brown

*Ph.D., NYU, 2001*

Interests: Labor economics; public finance; consumption and saving; household finance.

#### Giacomo De Giorgi

*Ph.D., University College London, 2007*

Interests: Labor economics; consumption and saving; development economics; household finance; climate change.

#### Stefano Eusepi

*Ph.D., University of Warwick, 2004*

Interests: Macroeconomics; monetary economics; nonlinear dynamics.

#### Andrew Haughwout

*Ph.D., Pennsylvania, 1993*

Interests: Public finance; housing; urban and regional economics.

#### Fatih Karahan

*Ph.D., Pennsylvania, 2012*

Interests: Business cycles; consumption and savings; labor economics.

#### Gizem Kosar

*Ph.D., Johns Hopkins, 2015*

Interests: Labor economics; public economics; applied theory.

#### Donghoon Lee

*Ph.D., Pennsylvania, 2001*

Interests: Housing economics; household finance; labor economics.

#### Maxim Pinkovskiy

*Ph.D., MIT, 2013*

Interests: Public economics; health economics; applied microeconomics; economic growth and development; econometrics.

#### Giorgio Topa

*Ph.D., Chicago, 1996*

Interests: Labor and urban economics; social interactions and local spillovers; spatial econometrics.

#### Joseph Tracy

*Executive Vice President and Senior Advisor to the Bank President*

*Ph.D., Chicago, 1984*

Interests: Housing and real estate finance; urban economics; unions and collective bargaining.

#### Wilbert van der Klaauw

*Ph.D., Brown, 1992*

Interests: Labor economics; public policy; household finance; applied econometrics.

#### Basit Zafar

*Ph.D., Northwestern University, 2008*

Interests: Labor economics; economics of education; experimental economics; household finance.

### Recent Publications and Papers

**Mary Amiti.** "Importers, Exporters, and Exchange Rate Disconnect," with Oleg Itskhoki and Jozef Konings. *American Economic Review* 104, no. 7 (2014).

"Trade, Firms, and Wages: Theory and Evidence," with Donald R. Davis. *Review of Economic Studies* 79, no. 1 (2012).

**Olivier Armantier.** "Subjective Probabilities in Games: An Application to the Overbidding Puzzle," with Nicolas Treich. *International Economic Review* 50, no. 4 (2009).

**Meta Brown.** "The Impact of Housing Markets on Consumer Debt: Credit Report Evidence from 1999 to 2012," with Sarah Stein and Basit Zafar. *Journal of Money, Credit, and Banking* 47, no. s1 (2015).

**Giacomo De Giorgi.** "Indirect Effects of an Aid Program: How Do Cash Transfers Affect Non-Eligibles' Consumption?" with Manuela Angelucci. *American Economic Review* 99, no. 1 (2009).

"Understanding Social Interactions: Evidence from the Classroom," with Michele Pellizzari. *Economic Journal* 124, no. 579 (2014).

**Stefano Eusepi.** "Central Bank Communication and Expectations Stabilization," with Bruce Preston. *American Economic Journal: Macroeconomics* 2, no. 3 (2010).

"Expectations, Learning, and Business Cycle Fluctuations," with Bruce Preston. *American Economic Review* 101, no. 6 (2011).

**Andrew Haughwout.** "Second Chances: Subprime Mortgage Modification and Re-Default," with Ebiere Okah and Joseph Tracy. *Journal of Money, Credit, and Banking*, forthcoming.

**Fatih Karahan.** "On the Persistence of Income Shocks over the Life-Cycle: Evidence, Theory, and Implications," with Serdar Ozkan. *Review of Economic Dynamics* 16, no. 3 (2013).

**Gizem Kosar.** "An Anatomy of U.S. Personal Bankruptcy under Chapter 13," with Hulya Eraslan, Wenli Li, and Pierre-Daniel Sarte. Federal Reserve Bank of Philadelphia working paper no. 14-33, October 2014.

**Donghoon Lee.** "Simulated Maximum Likelihood Estimation for Discrete Choices using Transformed Simulated Frequencies," with Kyungehul Song. *Journal of Econometrics* 187, no. 1 (2015).

**Maxim Pinkovskiy.** "Africa Is on Time," with Xavier Sala-i-Martin. *Journal of Economic Growth* 19, no. 3 (2014).

**Giorgio Topa.** "Measuring Consumer Uncertainty about Future Inflation," with Wändi Bruine de Bruin, Charles F. Manski, and Wilbert van der Klaauw. *Journal of Applied Econometrics* 26, no. 3 (2011).

**Joseph Tracy.** "Reconciling Theory and Empirics on the Role of Unemployment in Mortgage Default," with Joseph Gyourko. *Journal of Urban Economics* 80 (2014).

**Wilbert van der Klaauw.** "Land Use Regulation and Welfare," with Andrew Haughwout and Matthew Turner. *Econometrica* 82, no. 4 (2014).

**Basit Zafar.** "Determinants of College Major Choice: Identification Using an Information Experiment," with Matthew Wiswall. *Review of Economic Studies* 82, no. 2 (2015).

"The Price Is Right: Updating of Inflation Expectations in a Randomized Price Information Experiment," with Olivier Armantier, Scott Nelson, Giorgio Topa, and Wilbert van der Klaauw. *Review of Economics and Statistics*, forthcoming.





## Money and Payments Studies

**MONEY AND PAYMENTS STUDIES ANALYZES THE INFRASTRUCTURE AT THE HEART OF THE FINANCIAL SYSTEM. IMPORTANT ELEMENTS OF STUDY ARE THE INTERBANK AND MONEY MARKETS—SUCH AS THE FEDERAL FUNDS MARKET, THE REPO MARKET, AND OTHER OVER-THE-COUNTER (OTC) MARKETS—AS WELL AS PAYMENTS AND SETTLEMENT SYSTEMS. ECONOMISTS FOCUS ON THE INSTITUTIONAL DETAILS UNDERLYING THE ORGANIZATION OF THE FINANCIAL SYSTEM AND THEIR ROLE IN UNDERSTANDING SUCH ISSUES AS FUNDING AND MARKET LIQUIDITY, FINANCIAL STABILITY, AND THE DESIGN OF MICRO- AND MACROPRUDENTIAL POLICY.**

### Recent projects include:

- analyzing activity in short-term funding markets under normal conditions and during periods of market stress,
- preparing recommendations for international oversight of the setting of standards for financial rates and indexes, including standards for Libor reform,
- evaluating the implementation of monetary policy associated with the payment of interest on bank reserves when very large levels of reserves exist in the banking system, and
- studying short-term funding markets for financial institutions, including the tri-party repo market and the money market mutual funds market.

### Research themes include:

- the functioning of interbank lending markets,
- the effects of the Federal Reserve’s liquidity facilities on interbank markets and short-term interest rates,
- the implementation of monetary policy,
- bank runs and crises of confidence in financial markets, and
- systemic risk and liquidity in large-value payments systems.

### Money and Payments Studies Staff

**Marco Cipriani**  
*Ph.D., NYU, 2002*

Interests: Financial economics; market microstructure; money and banking; experimental economics.

**Adam Copeland**  
*Ph.D., University of Minnesota, 2002*  
Interests: Industrial organization; applied microeconomics; financial intermediation.

**Thomas Eisenbach**  
*Ph.D., Princeton, 2011*  
Interests: Financial economics; microeconomic theory; behavioral economics.

**Kenneth Garbade**  
*Ph.D., Princeton, 1975*  
Interests: U.S. Treasury securities; risk management; relative value analysis.

**Gabriele La Spada**  
*Ph.D., Princeton, 2015*  
Interests: Financial economics; financial econometrics.

**Antoine Martin**  
*Ph.D., University of Minnesota, 2001*  
Interests: Financial intermediation; payment economics; money and banking.

### Recent Publications and Papers

**Marco Cipriani.** “Estimating a Structural Model of Herd Behavior in Financial Markets,” with Antonio Guarino. *American Economic Review* 104, no. 1 (2014).

“The Minimum Balance at Risk: A Proposal to Mitigate Systemic Risks Posed by Money Market Funds,” with Patrick McCabe, Michael Holscher, and Antoine Martin. *Brookings Papers on Economic Activity*, Spring (2013).

**Adam Copeland.** “Intertemporal Substitution and New Car Purchases.” *Rand Journal of Economics* 45, no. 3 (2014).

“Repo Runs: Evidence from the Tri-Party Repo Market,” with Antoine Martin and Michael Walker. *Journal of Finance* 69, no. 6 (2014).

**Thomas Eisenbach.** “Watering a Lemon Tree: Heterogeneous Risk Taking and Monetary Policy Transmission,” with Dong Beom Choi and Tanju Yorulmazer. Federal Reserve Bank of New York *Staff Reports*, no. 724 (2015).

**Kenneth Garbade.** *Birth of a Market: The U.S. Treasury Securities Market from the Great War to the Great Depression*. Cambridge, Mass.: MIT Press (2012).

**Gabriele La Spada.** “Competition, Reach for Yield, and Money Market Funds.” Working paper, November 2014.

**Antoine Martin.** “The Fragility of Short-Term Secured Funding Markets,” with David Skeie and Ernst-Ludvig von Thadden. *Journal of Economic Theory* 149 (2014).

“Repo Runs,” with David Skeie and Ernst-Ludwig von Thadden. *Review of Financial Studies* 27, no. 4 (2014).





## Regional Analysis

THE REGIONAL ANALYSIS FUNCTION ENGAGES IN RESEARCH ON ISSUES OF INTEREST TO THE SECOND FEDERAL RESERVE DISTRICT IN SUPPORT OF THE BANK’S MONETARY POLICY AND OUTREACH OBJECTIVES. THE FUNCTION ALSO MONITORS AND ANALYZES ECONOMIC DEVELOPMENTS IN THE REGION AND SHARES THE INFORMATION OBTAINED WITH STAKEHOLDERS IN THE BANK AND THE DISTRICT.

### Recent research topics include:

- the microfoundations of urban agglomeration economies,
- human capital and local economic development,
- the competitiveness of Puerto Rico’s economy,
- the geography of the housing boom and bust,
- the relationship between home prices and rents in New York City,
- the economic costs of natural disasters,
- the design of educational reforms and their effect on student and school performance,
- higher-education issues, including student loans and financial aid,
- the impact of the financial crisis and stimulus funding on schools, teachers, and students,
- K-12 and higher-education finance, and
- the dynamics of for-profit institutions.

### Regional Analysis Staff

**Jaison Abel**  
*Ph.D., Ohio State, 1999*  
Interests: Industrial organization; economics of innovation; public finance; urban and regional economics.

**Jason Bram**  
*M.B.A., NYU, 1992*  
Interests: Regional economics; survey research; consumer confidence; housing markets; consumer behavior.

**Rajashri Chakrabarti**  
*Ph.D., Cornell, 2004*  
Interests: Public economics and public policy; labor economics and the economics of education; applied microeconomics; applied econometrics.

**Richard Deitz**  
*Ph.D., Binghamton, 1995*  
Interests: Regional economics; urban economics; labor economics; public finance; household finance.

**James Orr**  
*Ph.D., Pennsylvania, 1979*  
Interests: Regional economics; housing.

### Recent Publications and Papers

**Jaison Abel.** “Agglomeration and Job Matching among College Graduates,” with Richard Deitz. *Regional Science and Urban Economics* 51 (2015).

**Jason Bram.** “To Buy or Not to Buy? The Changing Relationship between Manhattan Rents and Home Prices.” Federal Reserve Bank of New York *Current Issues in Economics and Finance* 18, no. 9 (2012).

**Rajashri Chakrabarti.** “Housing Markets and Residential Segregation: Impacts of the Michigan School Finance Reform on Inter- and Intra-District Sorting.” *Journal of Public Economics* 122 (2015).

**Richard Deitz.** “Do the Benefits of College Still Outweigh the Costs?” with Jaison Abel. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 20, no. 3 (2014).

**James Orr.** *An Update on the Competitiveness of Puerto Rico’s Economy*, with Jaison Abel, Jason Bram, Hunter Clark, Richard Deitz, Andrew Haughwout, Akash Kanojia, Tricia Kissinger, Thomas Klitgaard, Jonathan Landesman, Rae Rosen, Monica Sanz, and Javier Silva. Federal Reserve Bank of New York (2014).



### *Federal Reserve Bank of New York Research Series*

- *Liberty Street Economics*—a blog that enables our economists to engage with the public on important issues quickly and frequently.

[www.libertystreeteconomics.newyorkfed.org/](http://www.libertystreeteconomics.newyorkfed.org/)

- *The Economic Policy Review*—a policy-oriented journal focusing on economic and financial market issues.
- *Current Issues in Economics and Finance*—concise studies of topical economic and financial issues.
- *Second District Highlights*—a regional supplement to *Current Issues*.
- *Staff Reports*—technical papers intended for publication in leading economic and finance journals.
- *Publications and Other Research*—an annual catalogue of our research output.

[www.newyorkfed.org/research/publication\\_annuals/index.html](http://www.newyorkfed.org/research/publication_annuals/index.html)

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[www.newyorkfed.org/research](http://www.newyorkfed.org/research)